



California
STATE LANDS COMMISSION

Mineral Resources Management Division



Mineral Resources Management Division

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History

The California State Lands Commission (CSLC) was created by the California Legislature in 1938 as an independent body, composed of three members—the Lieutenant Governor and State Controller, both statewide elected officials, and the Director of Finance, an appointee of the Governor. The CSLC was given the authority and responsibility to manage and protect the important natural and cultural resources on certain public lands within the state and the public's rights to access these lands. The public lands under the Commission's jurisdiction are of two distinct types—sovereign and school lands. Sovereign lands encompass approximately 4 million acres. These lands include the beds of California's naturally navigable rivers, lakes and streams, as well as the state's tide and submerged lands along the state's more than 1,100 miles of coastline, extending from the shoreline out to three miles offshore. In short, the CSLC's jurisdiction extends to more than 120 rivers and sloughs, 40 lakes and the state's coastal waters.

School lands are what remain of the nearly 5.5 million acres throughout the state originally granted to California by the Congress in 1853 to benefit public education. The state retains surface and mineral ownership of approximately 468,600 acres of these school lands and retains the mineral rights to an additional 790,000 acres. Today, revenues generated from school lands benefit California's retired teachers.

The Commission is supported by a staff of more than 200, including specialists in mineral resources, land management, boundary determination, structural engineering, natural sciences, safety management, marine terminal operations and oil spill prevention.

Mission Statement

The California State Lands Commission serves the people of California by providing stewardship of the lands, waterways, and resources entrusted to its care through economic development, protection, preservation, and restoration.

Vision Statement

The California State Lands Commission works as a team to set the standard for excellence in public land management and resource protection to ensure the future quality of the environment and balanced use of the lands and resources entrusted to its care.

Commission's Mineral Leases

- Gas
- ◆ Geothermal
- ◻● Oil & Gas
- ▲ Hard Rock Minerals



Division Role

The Mineral Resources Management Division (MRMD) manages the use of energy and mineral resources on more than 130 oil, gas, geothermal and mineral leases covering more than 95,000 acres of state-owned lands. The Division's goals are to ensure public safety, protect the environment, and maximize revenue. MRMD staff includes specialists in petroleum engineering, geology, drilling and production operations, civil engineering, structural engineering, resource economics, mining and leasing.

Public Safety & Environmental Protection

MRMD is responsible for ensuring that mineral resources are developed in a way that protects public health and safety and the environment.



*Marine Facility
Inspection Program*

MRMD emphasizes the *prevention* of environmental damage and accidents and conducts frequent inspections of equipment and facilities to ensure safe and environmentally friendly operations. Best available protection standards are used in the inspections and a rigorous safety and environmental audit program is used for assessment of facilities to insure the use of best available technology and best achievable protection is maintained. Analysis of facilities and operations involve review of documents prepared under the California Environmental Quality Act (CEQA), mitigation monitoring, engineering design review of structures, operations and procedures reviews, maintenance programs, and compliance with applicable standards and codes. The work is often performed with other divisions within the agency and in conjunction with other responsible agencies such as the Department of Conservation, the Department of Fish and Game, the California Coastal Commission, and the Minerals Management Service and the Bureau of Land Management. MRMD's inspection and safety / environmental review program is from cradle to grave for every facility or operation on State lands.

MRMD also provides technical support in identifying, analyzing and removing beach and off-shore hazards, such as improperly abandoned wharves, piers and wells, preparation of environmental documents for the removal of oil and gas-related debris, review and approval of operations manuals, and review of oil spill contingency plans submitted by marine facility operators..

Oil & Gas

Oil and gas production remains the single largest source of revenue from State sovereign lands. Its contribution to the State goes well beyond the generation of non-tax revenue which provides employment opportunities, benefits local economies, reduces the need to purchase foreign oil, and reduces the risk of an oil spill from tanker transportation of crude oil.

Since 1956, over \$5.4 billion in State revenue has been generated from the production of oil and gas from the tideland portion of the Wilmington Oil Field in Long Beach. Oil and gas production from offshore leases in Santa Barbara, Ventura and Orange Counties, and from natural gas leases beneath navigable rivers in Northern California, has generated more than \$1.7 billion in royalty revenue for the State since 1930. Since 2005-06, oil and gas revenues to the general fund have averaged \$330 million per year.

MRMD monitors and verifies oil and gas production and royalty from Commission leases to ensure the State is fully compensated for its resources. Opportunities for new sources of revenue are pursued, including the identification of subsurface geologic structures with potential for oil and gas accumulation.

MRMD also identifies areas where State oil and gas resources are being drained from adjacent lands and takes action to obtain compensation for the State. Detailed review and approval of the Long Beach Unit's annual development plan, optimized waterflood and steamflood programs, and annual tax assessments ensure that the State's net profit share of revenue is maximized.



Oil and Gas Development and Regulation Program

Photo courtesy of THUMS Long Beach Company

Geothermal

California leads the nation in the use of geothermal energy to generate electricity. The world's largest geothermal field is located at The Geysers, about 75 miles north of San Francisco.

Prudent management of almost 7,000 acres of school lands there currently generates over \$5 million per year in royalty revenue for California's retired teachers and since 1972, more than \$158 million has been earned. Management of geothermal resources on State lands in the Imperial Valley has yielded another \$800,000 in royalty since development began. In the high desert area of Inyo county, MRMD recently issued a prospecting permit for exploration of suspected deep geothermal resources under 640 acres of State lands. Also, a large section of State lands in The Geysers has been re-permitted for development. In the Imperial Valley, interest in geothermal resources around the Salton Sea has been great and future exploration and development on State lands in that area looks promising.



Geothermal Energy Program

MRMD's geothermal program involves lease negotiation, verification of production and royalty, review of net profit allocations, inspection and review of daily operations, approval of exploration and development plans, and evaluation of unleased lands. MRMD has also undertaken efforts to improve reservoir management, particularly to inject reclaimed wastewater and sustain productivity at The Geysers through heat mining.

Today, pipelines carry 20 million gallons of wastewater from surrounding counties to The Geysers each day, resulting in measurable increases in steam flow rate, and increases in generation efficiency from the improvements in steam chemistry associated with that injection.

Solid Minerals

Development of solid mineral resources on State lands, particularly precious metals and industrial minerals, generates revenue in the form of royalty and rent. Over \$11 million has been collected since 1930 from mineral extraction on both sovereign lands and school lands. At present, about \$500,000 is collected annually. MRMD routinely reviews CEQA documents and mine reclamation plans in cooperation with the Commission's Environmental Planning and Management Division. Since 2003, MRMD had worked cooperatively with the Department of Conservation to identify and reduce hazards to the public and wildlife associated with old abandoned mines. Individual closures are performed only after extensive consideration of cultural and biological resources.

Cooperative Ventures & Research Support

MRMD encourages regional and statewide resource management planning through cooperative ventures with various local, State and Federal agencies. One such venture involves developing State resources from existing facilities to enhance revenue without increasing environmental or safety risks. This concept is being examined in collaboration with Federal agencies and certain national research laboratories.

CSLC has participated in joint reservoir studies with the MMS, Los Alamos National Lab and independent oil and gas producers with funding assistance from the DOE. CSLC has also participated in the DOE funded Oil & Gas Infrastructure Project to design and implement mechanisms for on-line access to oil and gas data.

MRMD participates in a task force comprised of Federal, State and local agencies (Inter-agency Decommissioning Work Group), to determine if beneficial alternatives exist other than complete removal of offshore oil producing facilities that have reached their economic life. And when special knowledge is required for a critical project, MRMD supports outside research, such as the California Sea Grant College Program, which conducts research into ocean engineering.